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MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Payroll Deductions

1. This memorandum submits a recommendation for your approval. Such recommendation is contained in paragraph 8.
2. The current trend in both government and business in easing employee problems in connection with certain financial activities involving group participation (e.g., taxes and dues) is the use of payroll deductions whenever possible. Until recently, only those items authorized by the Congress could be deducted from employees' salaries. These included federal taxes, certain state taxes, social security, retirement, and the federal health and life insurance programs.
3. After the Chairman of the Civil Service Commission issued a memorandum dated May 21, 1963, to the heads of all Executive Departments and Agencies announcing the Administration's plan to provide a program of voluntary withholding of employee organization dues (Tab A), we spoke with the Director of the Bureau of Retirement and Insurance of the Commission to explore whether voluntary withholding for all non-statutory insurance premiums might now be possible. We discussed the Administration's position on withholding of union dues which is based upon P.L. 87-304 September 26, 1961, and particularly Section 5 thereof which provides:
 5. The head of each department is authorized to establish procedures under which each employee of such department is

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permitted to make allotments and assignments of amounts out of his compensation for such purpose as such department head deems appropriate."

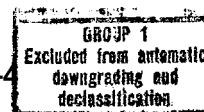
Section 6 of P.L. 87-304 requires the President to coordinate the policies and procedures for the Government at large but sub-section (c) of Section 6 also provides that a department head may prescribe policies and regulations relating to his department which are not inconsistent with whatever regulations the President may issue.

4. Pursuant to the general authorities contained in the Central Intelligence Agency Act of 1949 the DCI authorized payroll deductions of items other than those approved by the Congress for employees most of whom are in foreign assignments, paid from confidential funds (reference to authority). The items currently being deducted under this authority are premiums for various Agency sponsored insurance programs and credit union payments and are being made for approximately [] employees.

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5. The approximately [] Agency employees paid from vouchered funds (including about [] overseas employees) are presently unable to authorize payroll deductions for the payment of items other than those authorized by statute. As a consequence, the Insurance Branch of the Office of Personnel must maintain an insurance cashier facility to which point those Agency employees on vouchered funds having non-statutory insurance coverage must make monthly cash payments. At 30 June 1963 the insurance cashier was receiving regular cash payments on the following:

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Name of Insurance

No. of Policies

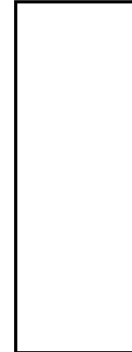
United Benefit Life Insurance (UNLIC)

Worldwide Assurance for Employees of
Public Agencies, Inc. (WAPEA)

Parents Associated Medical Assurance (PAMA)

Contract Employees Life Insurance (CLI)

Contract Hospitalization (CH)



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If sufficient interest is evidenced in the proposed plan of dental insurance (DENTA), those employees paid from vouchered funds subscribing to this plan would be required to pay monthly premiums to the insurance cashier. Any new non-statutory insurance plans would require the same premium payment mechanism. In addition, employees paid from vouchered funds are utilizing the facilities of the Credit Union.

6. The Agency's total insurance program and credit union program are not a part of a Government-wide program and it would appear that the DECI could authorize payroll withholdings for these programs without impinging upon the actions of the President relating to other payroll withholding plans such as union dues and charity payments. The advantages to extending payroll withholding for certain Agency-wide plans to persons paid from vouchered funds are most attractive. The individual employee is relieved of the burden of remembering to make regular payments; there would be little danger of insurance lapsing from non-payment of premiums; the cashiers would be relieved of preparation of reminders where payment had not been made by the due date; and much employee time would be saved by not having to make individual payments.



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7. The disadvantage to an extension of payroll deductions seem to be confined to some increase in the workload of the Office of the Comptroller and the technical reprogramming of the automatic payroll processes used in the Agency. When the present computer program was developed for payroll activities, plans were made only for the foreseeable statutory deductions. However, because of the addition of several more voluntary deductions for state taxes and the impending deductions for union dues and possibly charitable contributions, the computer program must be revised. The current interpretation of the authority contained in sub-section (c) of Section 6 of P.L. 87-304 (paragraph 3 above) makes many non-government-wide deductions possible. Since it is necessary to reprogram for additional government-wide ~~deductions~~ payroll deductions against vouchered funds it is desirable to be able to plan for current and future possible deductions for Agency-wide program.

8. Recommend approval to extend to employees paid from vouchered funds such voluntary Agency-wide payroll deductions as the Deputy Director (Support) and the Comptroller deem desirable and feasible.

Emmett D. Echols
Director of Personnel

Concur:

Deputy Director (Support)

Date

General Counsel

Date

Comptroller

Date

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This Notice Expires 1 February 1963

PERSONNEL

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13 December 1962

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GOVERNMENT EMPLOYEES HEALTH ASSOCIATION MEETING

1. This notice is addressed to all members of the Government Employees Health Association, Inc., (GEHA, Inc.) in headquarters.
2. The annual meeting of GEHA, Inc., will be held in the Auditorium, Headquarters Building, at 1000 hours on Wednesday, 23 January 1963.
3. Members of GEHA, Inc., who are unable to attend the annual meeting and who wish to cast their votes in the election of Directors may do so by completing the absentee ballot attached or a facsimile ballot. All ballots must be in the hands of the Secretary of GEHA, Inc., 1-J-33 Headquarters Building) by the close of business on Friday, 18 January 1963.
4. Pursuant to the bylaws, a nominating committee has submitted the names of individuals for Directors of GEHA, Inc., as shown on the attached absentee ballot.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

L. K. WHITE
Deputy Director
(Support)

DISTRIBUTION: ALL EMPLOYEES

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